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SUBJECT: YOUTH FUND FACES CHALLENGES IN PROMOTING SMES

REF: MUSCAT 463

¶1. On June 9, Commercial Assistant and a consultative team from Booz Allen Hamilton (BAH), under sponsorship from the Middle East Partnership Initiative (MEPI), met with Malak al-Shaibani, General Manager of the Fund for Development of Youth Projects ("Sharakah"), to discuss its role in the development of small and medium-sized enterprises (SMEs). (Note: The meeting was part of research done by BAH to assist the Ministry of Commerce and Industry's Directorate General of SMEs, as reported reftel. End Note.) Shaibani noted that the Sharakah fund, established ten years ago via a royal decree, currently employs six individuals, including three consultants. The fund's mission is to support Omani entrepreneurs by providing them with necessary funding and expertise to transform business ideas into profitable ventures. In keeping with its vision to become Oman's leading entrepreneurial fund, Sharakah invests up to 200,000 Omani rials (RO) into individual projects, with its contribution not exceeding 40% of the total equity of each.

¶2. Shaibani enumerated a number of the challenges facing Sharakah. She explained that some Omani clients do not understand that despite Sharakah's establishment by royal decree, its funds are not entitlements, but rather loans that must be repaid. Shaibani also noted that Sharakah faces increased competition from banks with established SME departments, and that the recent escalation of office space rents has made it more difficult for young entrepreneurs to begin operations. To address these challenges, the General Manager highlighted the organization's recent structural changes, including the appointment of a new chairman, Hani al-Zubair, a royal decree donation of RO 8.6 million, and a ten-year tax exemption. Despite the challenges, Shaibani emphasized the important role of Sharakah in ensuring that young SMEs can participate in development projects, including those tourism projects currently underway in the Sultanate.

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